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S E C R E T ROME 003958

SIPDIS

C O R R E C T E D C O P Y . C H A N G I N G C L A S S I F I C A T I O N
R E A S O N F R O M 1 . 5 (B) (D) T O 1 . 4 (B) (D)

NOFORN

DEPT FOR PM DAS SUCHAN, JCS FOR BG REMINGTON

E.O. 12958: DECL: 10/13/2014

TAGS: PREL PARM PHUM CI IT EUN HUMAN RIGHTS

SUBJECT: APPROACH TO ITALIAN GOVERNMENT ON CHINA ARMS

EMBARGO: DAYLIGHT BETWEEN MFA AND PRIME MINISTRY POSITIONS

REF: STATE 214023

Classified By: A/DCM SCOTT KILNER. REASON: 1.4 (B)(D)

¶1. (S) Summary: MFA officials told PM DAS Suchan and JCS BG Remington that while Italy is "not out in front" it will likely join EU consensus to lift the China embargo, assuming that a review of China's human rights situation shows that "the conditions are right." PM Berlusconi's diplomatic advisors took a different tack, suggesting that Italy would work with the US to ensure the embargo would not be lifted if shared strategic interests would be compromised. End summary.

¶2. (S) MFA officials took a fairly hard line on Italy's views regarding upcoming China Arms embargo discussions in Brussels. Deputy Director for Multilateral Political Affairs Claudio Bisognero, Acting Asia DG Cristina Ravaglia, EU CFSP Director Luigi Mattiolo and Armaments Authorization desk officer Enrico Padula reiterated that while Italy is "not out in front" it will likely join EU consensus to lift the embargo, assuming that a review of China's human rights situation shows that "the conditions are right." Bisognero and Mattiolo urged the USG to work with the EU to ensure that the improved EU Code of Conduct and "toolbox," currently under discussion in Brussels, address concerns underlined by DAS Suchan regarding the potential for creating a strategic imbalance in the China Sea/Taiwan Straits. When asked how a Code with worldwide scope could be improved to be the functional equivalent of a country embargo, Mattiolo suggested that the EU, Russia, Israel and US coordinate on common guidelines for arms transfers to China.

¶3. (S) PM Berlusconi's diplomatic advisors for Europe, Francesco Talo, and for Asia, Paolo Dionisi, had a somewhat more understanding view of the difficulties that lifting the embargo would cause for US strategic interests, and ultimately for US-EU relations. Dionisi said Italy has to strike a balance between trade and political considerations. Talo said Italy will not support lifting the embargo unless China's human rights are "respected" and unless it is clear that removing the embargo would not increase China's security threat. They both suggested that Italy will cooperate closely with the US in working to convince its EU partners not to lift the embargo if shared strategic/military concerns would be compromised. "We will do our best" in Brussels, promised Dionisi. Dionisi and Talo agreed that the EU Code of Conduct had serious shortcomings, and acknowledged that the embargo provided political cover for countries that want to say no to arms deals with China. They also acknowledged the possibility that lifting the EU embargo would spur non-EU countries such as Russia and Israel to exercise less restraint in arms deals with China. Dionisi emphasized that "at the end of the day, you know we are with you on political military issues."

¶4. (S) Dionisi reacted most to the potential impact on US-Italy defense cooperation. In this context, he brought up the Augusta/Westland effort (teamed with Lockheed Martin) to supply the new Presidential helicopter for the White House fleet. He said he had heard reports that DOD had delayed the decision in order to give US manufacturer Sikorsky more time to improve its bid. DAS Suchan emphasized that the decision on the helicopter had not been made, but more importantly, that if the embargo were lifted, the US Congress would very likely impose restrictions on technology transfer to Europe, making future cooperation on other projects, such as the Joint Strike Fighter, very difficult.

¶5. (S/NOFORN) COMMENT: The comments by MFA officials to DAS Suchan and BG Remington were less encouraging than we have heard before, while the more positive remarks from Berlusconi's diplomatic advisers were the first concrete statement we got from the PM's office after several months of working the issue. We need to close the clear daylight between Prime Ministry and MFA views by persuading PM Berlusconi of the importance the US attaches to this issue. Persuading the Italians to take up our cause in Brussels may

require a direct order from Berlusconi to Foreign Minister Frattini (a Powell-Frattini pull-aside may occur in

Washington Oct. 14-16). At this point, key Italian officials have heard all our arguments, but are only likely to be moved toward our position by a direct message from a high NSC official to Berlusconi's senior Diplomatic Adviser, Giovanni Castellaneta, putting the priority of this issue in the context of the close working and personal relationship between PM Berlusconi and President Bush. End Comment.

¶6. (SBU) DAS Suchan and BG Remington have cleared this message.

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2004ROME03958 - Classification: SECRET